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Arthur Weston

TWO LETTERS,

DESCRIBING

A METHOD

OF

Increasing the Quantity

OF

CIRCULATING-MONEY:

Upon a new and solid Principle.

LONDON: 1799.

Printed by A. Strahan, Printers Street, Gough Square.

A METHOD

OF

Increasing the Quantity

OF

CIRCULATING-MONEY:

Upon a new and solid Principle.

LETTER I.

174
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Harding - 6-21-42 - Econ.

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INTRODUCTION.

THE PRINCIPLE of this Propoſal is to put a NEW and GREAT CAPITAL into CIRCULATION, by LOANS of MONEY, to be *created* in the manner and upon the foundation deſcribed in the following LETTER, addreſſed to a Member of the late SECRET COMMITTEE of the HOUSE of COMMONS on BANK AFFAIRS.

THE gentleman, to whom the Letter was addreſſed, (whoſe name, if I thought myſelf at liberty to mention it, would add much authority to the whole propoſal,) being himſelf ſtruck with the novelty of the meaſure, and its apparent tendency to public utility, has been the means of procuring a conſiderable degree of favour to it ELSEWHERE. —But, if I were to ſay more of this, it could only be with a view to obtain attention,—not to influence the *public judgment*, which alone can decide in this caſe, as in all others where PUBLIC CREDIT is concerned.—Therefore, I ſhall only ſay, I have good reaſon to think that the *firſt impreſſions*,

impreſſions, made in the quarter to which I allude, are ſtill RETAINED.

IT is my intention to point out in a future Letter, for which I have prepared materials, how I propoſe to confine the increaſe of money, in its firſt application, to the aſſiſtance of the LANDED INTEREST; and I ſhall, at the ſame time, anſwer ſuch OBJECTIONS as I may hear of, or which my own thoughts may ſuggeſt to me; for, I ſhall diſguiſe nothing.—In the mean time, I admit that it is neceſſary to the PRACTICAL EXECUTION of the plan, that the notes in queſtion ſhould be EXCHANGEABLE for ALL commodities,—by no means excepting GOLD; *and exchangeable* AT PAR: otherwiſe they cannot perform the office of MONEY.—I beg permiſſion to add, that I think this may be ACCOMPLISHED. And I ſhall ſhew how the SECURITY may be DOUBLED, both in its *nature* and *amount*, without leſſening the ſimplicity of the original deſign; and this to the extent of proving it to be ABSOLUTELY IMPOSSIBLE that the Note-Creditors ſhould be *defrauded*, or *even diſappointed*, SO LONG as any notion of LAW and PROPERTY ſhall continue practically to prevail in GREAT BRITAIN.

LONDON,
23d April 1799.

A

METHOD,

&c. &c. &c.

SECT. I.—*Assumes the Necessity of an Extension of the Circulating Medium.*

SIR,

OF late, we have heard but little of the plans for a NEW CIRCULATING MEDIUM, with which the public attention was much engaged about the time of the BANK's ceasing to make payments in cash. No plan of that kind seems yet to have obtained general approbation; and, perhaps, that which I am about to submit to your consideration may not be free from objection.

I HAVE entered thus upon the subject without ceremony; because, Sir, the indulgence you have shewn me in the several conferences you have honoured me with on the occasion, has superseded the necessity of any introductory matter, unless I had

had attempted to expreſs the feeling I have of your obliging attention in this inſtance, which I decline, as a taſk not eaſy in itſelf, and ſtill leſs ſo, in connection with other acts of condeſcenſion which I cannot fail to recollect, though I am not able to acknowledge them in the manner I ſhould wiſh to do.

In common with all thoſe who have preceded me in this track, I begin with aſſuming that there would be found great convenience in the eſtabliſhment of a good, ſolid, circulating medium, upon a more enlarged ſcale than any that exiſts at preſent, and adapted to the extended and extending ſtate of our National Commerce, and particularly to the wants of the landed interest. If this was denied, or generally doubted, I ſhould have little to ſay at preſent; for, if the neceſſity or utility of ſuch an eſtabliſhment is not ſelf-evident, I ſhould think the time for it is not yet come.

My experience in buſineſs, however, informs me that it is wanted.—Permanent loans of money are now, and for a long time have been, difficult to be obtained; and this difficulty muſt, from obvious cauſes, continue to increaſe ſo long as the war laſts.

SECT. II.—*Basis of a Plan for such an Extension.*

HAVING premised this, I proceed to state my plan for the establishment of a New Circulating Medium.

THE basis of it, as I have remarked in what you have heard from me already, I fix upon the NATIONAL DEBT, which is the WEALTH of INDIVIDUALS.—For commercial purposes at least, I conceive this may be deemed solid substantial property —to a limited extent.

SUPPOSE the National Debt due to individuals to be equal to FOUR HUNDRED MILLIONS (or more) of 3 per Cent. Annuities of the value of 50 per cent.; that is, TWO HUNDRED MILLIONS sterling. This supposition is sufficiently accurate for my present purpose.

SECT. III.—*The Plan stated.*

Now, my scheme goes to the putting of a large portion, FIFTY MILLIONS, or more, of this property into circulation, if so much could be em-

 ployed;

ployed ; and this I propoſe to be done in the following manner :

Let any ſtock-holder, who would wiſh to circulate ſome part of his Stock, without ſelling it, transfer a certain quantity of it, ſuppoſe twenty thouſand pounds 3 per Cents. to the Governors and Directors of the Bank. The Bank is then to deliver to him fifty certificates, or notes of the transfer, each of them to be marked as of the value of £.100, or a greater quantity in number, and of leſs value reſpectively ; but the whole together to be of the amount of £.5000 ſterling.

By this means every particular quantity of ſtock might produce a fourth part of its nominal amount for the purpoſes of circulation. For, I make what I believe to be a well-grounded ſuppoſition, that the mercantile world, who now take Bank-Notes in payment, would, with equal confidence, receive and circulate theſe Stock-Notes ; the Governors and Directors of the Bank of England being, in reſpect to the ſtock to be transferred to them, truſtees for thoſe who transfer the ſtock, and for thoſe who take the ſtock-notes in payment, (as they now are truſtees for the Bank-Proprietors and the holders of Bank-notes,) and the ſecurity being fully equal to

that

that upon which the credit of Bank-notes is founded:—for, the capital and other effects of the Bank (reckoning its property in ſtock at the preſent market-rate) is certainly ſhort of twice the amount of its debts. But the ſtock, transferred as I propoſe, would be double in value to the notes circulated upon its credit.

In the caſe I have ſuggeſted, the 3 per Cents. would be taken at 25; a ſuppoſition low enough, I ſhould ſuppoſe, for thoſe who give any degree of credit whatever to the Public Funds. There can be no doubt that bankers and others would allow £.100 ſtock to be a ſufficient ſecurity for £.25 money, notwithſtanding all the poſſible fluctuations to which the ſtocks are ſubject.

The notes I have deſcribed might be uſed for loans or for capitals to trade upon; their uſe in trade, and for other purpoſes, being ſuppoſed the ſame as ſpecie or Bank-notes.

These notes being, by ſuppoſition, of the ſame value, and paſſing with the ſame facility as Bank-notes do, will be conſidered as cash, and conſequently, if lent by the original holders, or by any others who may become the holders of them, would entitle the lender to receive interest on

the loan, in like manner as the lender of bank-notes now receives intereſt on the loan of thoſe notes.

THE ſuppoſition that theſe notes would be circulated like bank-notes is eſſential to my plan.—That foundation taken away, the whole would be an unſubſtantial viſion; and therefore, if this be not aſſented to, it would be of no uſe for me to go on. But, that point granted, (ſubject to re-conſideration,) I ſay that every particular quantity of ſtock, transferred in the manner I have ſtated, would yield a profit to the ſtock-transferrer equal to 5 per cent. on the amount of ſtock-notes obtained by him.

TWENTY THOUSAND POUNDS, 3 per Cent. ſtock, would, as obſerved before, produce £. 5000 of ſtock-notes, the intereſt of which would be £. 250, to be added to £. 600, the amount of the dividends on £. 20,000 of that ſtock. Thus £. 850 would be gained annually, inſtead of £. 600, by every proprietor of £. 20,000 ſtock, who ſhould avail himſelf of the opportunity of procuring ſtock-notes, as above mentioned.

WHAT I have ſaid of 3 per Cent. ſtock, is to be applied to the *other* public funds in the like proportion;

proportion; the 3 per Cents. being mentioned only by way of example.

Sect. IV.—*Conſequences of the Plan to Stock-Proprietors.*

I shall purſue the ſuppoſition thus made, and ſhall trace its conſequences to the ſtock-proprietor, treating the matter at preſent as if no other intereſt than his was to be conſulted; diſregarding, therefore, at this moment, the intereſts of Government and the Bank of England, both of which I ſhall ſeparately conſider in what I have farther to ſay. In this point of view, I ſuppoſe the whole dividends on the ſtock are to continue payable to the ſtock-transferers; a ſuppoſition to be corrected in the farther progreſs of this diſcuſſion.

£. 850 being gained annually inſtead of £. 600, the value of ſtock may be expected to riſe in proportion to the increaſe of gain.

In the ſubſequent details on this point, I ſhall ſuppoſe the ſtock-proprietor would transfer his ſtock to the truſtees, upon my plan, for the ſake of much leſs advantage than what I have above deſcribed; for, out of the great profit above alluded to, it is neceſſary to provide inducements

to

to Government and to the Bank of England to countenance the plan.

At preſent I ſhall proceed to attend farther to the intereſts of the ſtock-proprietor.

What objection can *he* make? Can he ſay his ſtock is *tied up* and put out of his power? No:—he may redeem it by bringing in to the Bank a quantity of ſtock-notes equal in amount to thoſe originally obtained by him. Theſe being cancelled, his ſtock would be again entirely free: or he may ſell the ſtock ſubject to the charge upon it: this would make it *light* to hold; which, by rendering the ſtock more marketable, would increaſe its value.

Merchants, bankers, country-gentlemen, farmers, and in general ſtock-holders of all deſcriptions, would be benefited by the plan, and particularly the *timid* would derive encouragement to *hold on* their *ſtock*. For if they withdraw half the amount of the preſent price of ſtock, they may realize that part on land, by procuring purchaſes or mortgages. This would alſo accommodate thoſe who want to ſell land, or borrow money on it, or to borrow on other ſecurity.

The transferrer would retain to himſelf the advantage of future increaſe of price, juſt as if he had not taken the ſtock-notes.

Sect. V.—*No Danger to them.*

But is there no final danger of loſs to the ſtock-proprietor upon this plan? *None*, I think. For ſuppoſe the holders of the ſtock-notes ſhould become alarmed for their ſecurity by the falling of ſtock to 25; and ſuppoſe the plan ſhould provide, that then the ſtock ſhould, at that price, become the property of the holders of the ſtock-notes, and be transferred to them in proportion to the amount of the notes held by them reſpectively, unleſs redeemed immediately by the proprietors of the ſtock; it may be made clear, that he that was the original ſtock-holder cannot be hurt by having received the notes, even though he ſhould not redeem the ſtock. For if he has retained the right of redemption, and conſequently the riſk, it is by his own voluntary act that he has done ſo. He might have ſold out; but, having retained the ſtock, he cannot ſuffer more by parting with his ſtock now, than if he had held it on, and was now to ſell it, without having received any ſtock-notes. He may even have an advantage by buying an equal

quantity

quantity of the ſtock at the reduced price, ſuppoſing it below 25, or prevent a loſs if the price is 25, or upwards; and, upon both ſuppoſitions, five thouſand pounds, or thereabouts, would replace his twenty thouſand pounds ſtock.

FOUR things muſt concur in order to occaſion any actual loſs to the transferrer of ſtock upon this plan. Firſt; the ſtock muſt fall below 25. Secondly; the transferrer muſt be unable to redeem it at that reduced rate. Thirdly; the ſtock muſt afterwards riſe to a higher price. Fourthly; if there be (as of courſe there muſt be) an interval of time between the fall and the riſe, the tranferrer muſt continue, during the whole interval, unable to purchaſe a quantity of ſtock equal to what he had when he obtained the notes.

THE occurrence and operation of theſe numerous cauſes is a moſt improbable ſuppoſition; eſpecially conſidering that the transferrer muſt be underſtood to have received an equivalent in property of ſome kind on parting with his notes, and, therefore, may be expected to be able to redeem his ſtock, or to buy an equal quantity at the ſuppoſed price of 25.

BUT perhaps the ſtock-notes may have been applied to purchaſe land or land-tax.—*Well*, at leaſt

leaſt the transferrer has then realized half the amount of his ſtock at the preſent price, beſides the annual increaſe of £. 250 upon his £. 20,000: and he muſt conſider that, if he had continued to hold his ſtock till the ſuppoſed period of ultimate depreciation, his loſs would be greater than it can be upon any ſuppoſition affecting this plan; which includes the annual gain of £. 250 upon the £. 20,000 ſtock.

Sect. VI.—*They might gain too much by it.*

If, according to the ſuppoſition above made, fifty millions could thus be brought into circulation, the gain to the ſtock-holders would be £. 2,500,000 ſterling annually, and ſo in proportion, if the circulating medium ſhould be uſed in leſs or greater extent.

But two millions five hundred thouſand pounds would be too great a gain for the ſtock-holder, who could not reaſonably expect to have ſo much, eſpecially if the ſcheme be attended with only part of the other advantages (including that of ſafety) which I have ſtated.

Sect. VII.—*Government muſt partake with them in the Profits.*

Therefore I come now to conſider the intereſts of Government and the Bank of England.

It may be thought proper that ſo much of the dividends as is equal to 5 per cent. on the ſtock-notes ſhould be kept back by Government: that is, that the payment of ſo much of the dividends ſhould be ſuſpended during the war, and that the amount of theſe dividends ſhould at the end of the war be divided between the ſtock-holders, the Government, and the Bank of England, in ſuch proportions as may be agreed upon. In ſpeaking of the ſtock-holder in this place, I mean the perſon who ſhould actually poſſeſs the ſtock at that period; and his ſhare of the accumulated dividends ſhould then be added to his capital, and the future intereſt of it provided for by taxes, unleſs Government ſhould then be able to pay the arrears of dividends; I mean the ſtock-holder's ſhare of thoſe dividends. In caſe a ſuſpenſion of dividends ſhould be thought improper, ſome other arrangement might be adopted, as the mutual intereſts of Government and the ſtock-proprietors might dictate.

If Government could, by this means, ſuſpend during the war the payment of dividends to the amount of two millions five hundred thouſand pounds, or even half of that ſum, ſuch a poſtponement, or any equivalent advantage to Government, would be attended with important conſequences.

Future Loans might be negociated on better terms, the price of ſtocks being ſuppoſed to riſe as well in conſequence of the advantages given to the ſtock-transferrers, as of the taking of a great quantity of ſtock out of the market. The Redemption of the Land-tax would be facilitated, and the neceſſity to ſell ſtock would be very much diminiſhed, at the ſame time that there would be a great increaſe of inducements to buy and hold ſtock.

Sect. VIII.—*So muſt the Bank of England.*

In regard to the Bank of England, the advantages to be allotted to that company would be ſuch as might be agreed upon between them and the ſtock-transferrers, by way of an annual increaſe of the Bank Profits; and alſo as a compenſation for the charges of management. But there is no occaſion at preſent to enter into details upon this part of the ſubject.

Sect. IX.—*Queſtion ſuggeſted.*

After all, however, there remains the queſtion before ſuggeſted: "Could theſe Stock-Notes be "uſed as a Circulating Medium; or, in other words, "would they paſs as Money?"

This I cannot determine; but I ſee many conſiderations which may be ſuppoſed to operate towards cauſing the free and general currency of theſe notes.

The ſecurity upon which the notes are to circulate, would be a first mortgage on the property and industry of the Nation. The ſcheme would raiſe the value of the funds, and would advance our Agriculture, as well as extend our Trade, both foreign and domeſtic, by bringing into action a new and great Capital: and all this would tend to improve the Strength of the Nation. Hence greater Safety to every part of our property.

These appear to me to be ſufficiently powerful inducements to the public to receive and circulate *as Caſh* the propoſed ſtock-notes.

But

But if, in fact, the ſecurity for the National Debt is not to be eſteemed good for a fourth part of its nominal amount, then, I fear, our caſe is hopeleſs indeed. This, however, appears to me to be a groundleſs apprehenſion.

At all events, the caution of the moſt fearful muſt have ſome limits; and if, through the prevalence of diſtruſt, the notes deſcribed could not be circulated at 25, they might undoubtedly at ſome lower rate. Therefore, the objection founded on ſuppoſed inſecurity, does not reach the principle of the meaſure, and can only at the utmoſt confine its operation.

Sect. X.—*The Plan may be improved.*

This ſcheme, if it has any thing of value in it, may undoubtedly be *improved*; and, perhaps, the indirect and collateral reſults from it may be as conſiderable as its direct and immediate effects.

I am not, however, ſo fond of my plan as to make an unqualified ſuppoſition that it is capable of producing ſuch great advantages as I have deſcribed. Yet I do not mean to conceal that I have a ſtrong confidence in it; and I own, if I were to indulge

indulge my preſent thoughts, I ſhould ſay much more of the advantages I expect from it.

Sect. XI.—*General Obſervations.*

But I ſhall now only make a few general Obſervations, which ſhall conclude this Letter, and the trouble which, Sir, you have allowed me to give you.

Firſt, In a commercial Country there ſhould be as little dead or unproductive Capital as poſſible: but the wealth of individuals collected in the funds is *dead to trade and general uſe*, except only ſo far as the dividends are ſpent and circulated, and not inveſted in the ſame funds by way of farther accumulation.

And, *ſecondly*, There ought to be no ſuch thing known as want of money;—and, in my opinion, no ſuch want *could* be known in a perfectly well-regulated commercial ſtate: I mean no want of that kind ſhould be known or felt by thoſe who poſſeſs property of any kind, whether it conſiſts of lands, merchandize, or credits well ſecured. All ſuch property ſhould enable the owner to procure a representative Sign capable of general circulation. I ſay this, ſubject to many obvious restrictions.

Sect.

Sect. XII.—*Originality of the Plan.*

It was, by thinking for a long time upon these two principles, and by turning over in my mind several plans for procuring money for some persons of property, who found it difficult to obtain Loans, that I was led to the present Discovery, if it is one, as I believe it to be. To me, at least it is *new*, and so it has appeared to those friends to whom I have communicated it: but if any one shall dispute the absolute originality of the thought, I shall not be much concerned about that, because it is quite certain that in its operation it will be new, and, what is infinitely more material, the advantages of it will be confined, almost exclusively, to our own Country, where alone such a great capital as I have proposed to put in circulation is to be found.

I have the honor to be,

SIR,

&c. &c. &c.

London,
Sept. 27, 1798.

A METHOD

OF

Increaſing the Quantity

OF

CIRCULATING-MONEY:

Upon a new and ſolid Principle.

LETTER II.

ADVERTISEMENT.

THE meaſure ſuggeſted in the Firſt Letter on this ſubject having been approved of by a very great number of thoſe who are beſt qualified to judge of it,—including perſons of ALL ranks and parties, without diſtinction;—I conſider it as a tribute of reſpect due to thoſe who have given their ſanction to the general idea of the plan, to ſubmit to them the following detail of its propoſed practical application, together with anſwers to ſome objections:—my deſign, in reſpect to the diſtribution of this Letter, being to limit it, for the preſent, to thoſe perſons whoſe opinions and ſuggeſtions upon it, as a ſketch ſtill admitting of IMPROVEMENT, I am deſirous of obtaining.

24th JUNE 1799.

420796

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A ME-

A

METHOD,

&c. &c. &c.

SECT. I.—*Proof of the Neceſſity of an Extenſion of the Circulating Medium; which had been before aſſumed.*

SIR,

IN my former letter upon the ſubject of my propoſal of *a method of increaſing the quantity of circulating money*, I aſſumed the neceſſity of the meaſure to be ſelf-evident to thoſe who give attention to the whole circumſtances of the caſe: but, as I find there are *ſome* who deny the want of an increaſe of circulating money, I ſhould wiſh to remind thoſe perſons, that they have overlooked ſeveral important conſiderations. It is evident they pay no degree of attention to the impracticability of *borrowing money on* LANDED SECURITY, in conſequence as well of

of the high rate of intereſt obtainable from Government ſecurities, and the expectation of future gain by the riſe of ſtocks, as of the great profits which trade affords; by the operation of which cauſes, the WHOLE circulating capital of the nation is drawn away from land to thoſe more profitable objects; except what is taken up on ANNUITIES,—the moſt pernicious mode of raiſing money, but at this time the *only* expedient by which land-owners can borrow.

THE perſons who maintain that there is at preſent no want of money alſo overlook the poſſibility (*or rather the certainty*) that at ſome period, not very diſtant, TRADE itſelf will again feel that diſtreſs from the obſtructed circulation of money, which occaſioned ſuch extremely ſerious alarm in 1793 and 1796, and the early part of 1797.

I SAY this without ſuppoſing a want of general proſperity in the country: the diſtreſs I allude to may even be cauſed by the increaſe of the commerce of the nation, which poſſibly may yet be doubled; but certainly not without wanting a double capital in money.

THE late ſudden and great increaſe of taxes will alſo require an addition to be made to the circulating medium.—The GOLD withdrawn from circulation muſt alſo be ſupplied by PAPER.

THE

THE unuſual facility with which money, or Bank-paper, which is *money* whilſt it circulates *as ſuch*, has been procureable for ſome time paſt by perſons of good credit, by way of diſcount of commercial ſecurities, is chiefly a temporary conſequence of the preparation of money to be employed in the Government loan which was eagerly expected during the late winter and ſpring. We all remember the diſappointment of the money-lenders in November laſt, when Government borrowed only three millions out of fourteen that the loan was expected to conſiſt of. Since that time, no doubt, there has been plenty of money for temporary occaſions, but not to lend on mortgages or on perſonal ſecurity, apart from trade. Theſe very opulent perſons, who boaſt of ſuch an abundance of money, will not inveſt any part of it in purchaſing the land-tax, nor in loans to private perſons; except in diſcounting bills or notes for the ſhort period of ſixty days, from which there reſults a greater gain than five per cent. per annum.

PERMANENT LOANS, ſuch as are adapted to the ſlow returns of agriculture, and cannot yield more than the legal rate of intereſt,—theſe they utterly decline: and for an obvious reaſon.—Land-owners have no means of giving more than five per cent. intereſt,—except by the

deſtructive means of granting *annuities* before taken notice of; but *perſons in trade* feel no difficulty in holding forth to *bankers* the temptation of more than the ſtatute-rate of intereſt upon loans of money, by means which *cuſtom* warrants, and which the *profits* of trade are more than equivalent to.

No perſon who has been much accuſtomed to tranſact loans on *mortgages* will deny the want of money, even its entire abſence, in *that* channel of circulation; nor can any perſon who is moderately converſant with what paſſes in Weſtminſter-Hall be uninformed of the diſtreſs which this want of circulation occaſions to thoſe who, having formerly lent money on land, now want to have it returned, as well as to the unfortunate debtors, who cannot find perſons to aſſiſt them in paying off their debts by taking transfers of the exiſting mortgages. It is well known to conveyancers that mortgage debts are *moſt commonly* diſcharged (even when money circulates freely) by transfers to other mortgagees, and not by actual payment on the part of the landowners, who are *ſeldom* capable of redeeming their lands: more frequently payment is made by ſelling the incumbered eſtates.

SECT. II.—*Danger of the Landed Intereſt.*

WITHOUT ſomething done to aſſiſt the LANDED INTEREST, the property in land will change hands almoſt univerſally, or to a great extent, within a few years: lands will be brought to ſale through the preſſure of general diſtreſs on the part of the land-owners, and the price, which was for ſome time kept up by peculiar cauſes, will then fall very low.

IT is beginning to fall already; and I have been well informed that an uncommon proportion *in value* of the eſtates put up to ſale by auction within the laſt year and more, have been bought in for want of purchaſers at a fair price.

IT is high time that the land-owners ſhould begin to look carefully to their own accommodation in reſpect to the circulation of money; otherwiſe they muſt be ruined. This is ſtating the caſe without exaggeration; for the merchants are getting vaſt fortunes, whilſt the land-owners are dwindling into comparative inſignificance, and are in no ſmall danger of becoming "hewers of "wood and drawers of water" to their rivals, the men of trade.

I SHOULD not ſtate the matter in theſe ſtrong terms, if I had not a full conviction that the landed intereſt, a very great part of it, is in imminent danger from the circumſtances above ſet forth; and if I did not know that ſtating the caſe in a cold manner, deſtitute of energy, would utterly fail to produce any effect upon that claſs of ſociety to which this part of the ſubject is peculiarly addreſſed.

FOR there are natural and permanent qualities in the character of the landed gentry of every country which cauſe them to give a languid attention to their intereſts *as a body*; the indolent and tranquil enjoyment of a revenue coming to them almoſt ſpontaneouſly, without much thought or any labour, having naturally the effect of indiſpoſing them to the conſideration of danger at a diſtance.

THEREFORE I cannot reaſonably expect to be much liſtened to by thoſe who are moſt concerned in what I am now ſaying, unleſs ſome of their own order, or others whoſe judgment they are accuſtomed to reſpect, ſhall ſupport me in warning them of their danger, and at the ſame time recommend the propoſed means of relief; or until a nearer approach of the miſchief, with ſome feeling of it, ſhall awaken their attention.

SECT.

Sect. III.—*Correction of a wrong Suppoſition made by ſome Perſons.*

It has been ſuppoſed by ſome perſons that, becauſe I have, in my former Letter, mentioned *fifty millions or more* as the ſum which my ſcheme *might* furniſh for the purpoſes of circulation, it was my view to have ſuch a large ſum of money put into circulation whether the occaſions of the country required it or not; and upon this miſtaken ſuppoſition they have argued, that a proportionable increaſe of the prices of commodities would take place. But I have not propoſed any thing like this, though I admit I might have excluded ſuch a ſuppoſition in terms more guarded and leſs liable to be miſunderſtood. I did not however ſpeak quite incautiouſly; for, after mentioning fifty millions or more, I added, "*if* "*ſo much could be* EMPLOYED:" and in a former paſſage, I had propoſed the ſcheme to be put in practice upon the ground and within the limits of *neceſſity* and *utility*, which I thought a ſufficient intimation of the moderate uſe I wiſhed to be made of the plan. But even if I had contemplated an immediate iſſue of ſuch a vaſt quantity of paper money, it would not have raiſed any fair objection to the principle of the meaſure; and indeed the whole

whole objection is only applicable to the abuſe of the plan, and takes for granted that it is to be acted upon without regard to ordinary diſcretion.

SECT. IV.—*Prices of Commodities not inconveniently raiſed by Paper-Money.*

THERE are others who have contended, that an inconvenient increaſe of the prices of all commodities would take place, if *any* addition were made to the quantity of circulating-money. To this I anſwer as follows:

THE increaſe of money would not, I think, have the effect of *raiſing prices* in reſpect to the NECESSARIES of life, becauſe the *quantities* of them (ſuppoſing the money judiciouſly applied by bringing more land into cultivation) would be *increaſed* in a greater proportion than the money; yet I do not deny that ſuch articles of luxury or curioſity as cannot be increaſed in quantity by cultivation or manufacture, would advance in price: but I ſuppoſe this will not be much inſiſted upon.

FURTHER, this objection might with equal reaſon be urged againſt any other meaſure which ſhould tend gradually to increaſe the money of the country; and

and yet ſuch an increaſe has been at all times, and probably will always continue to be, an object of eager purſuit, notwithſtanding the ſuppoſed increaſe of prices conſequent thereon.

In fact, a moderate increaſe of prices is not an evil; for ſuch an increaſe tends to the extenſion of agriculture and manufactures, and to ſtimulate induſtry in every poſſible way, and therefore is a great benefit to a country by augmenting the quantity of its commodities; and this, by its reaction, prevents the riſe of prices from being too rapidly accelerated.

Even high prices are only diſadvantageous when they are occaſioned by a permanent, or an extreme ſcarcity of commodities, or a very ſudden ſcarcity, that is, when the demand continues for a long time, or in a very uncommon degree, or ſuddenly happens to exceed the ſupply; and, in general, a period of high prices is ſoon followed by abundance, and ſometimes by extraordinary cheapneſs; the high price operating as an incitement to produce new and greater quantities of the commodity which yields an unuſual profit.

Add to which, that the riſe of prices is, in a great degree, an imaginary evil, ſo far as adding to the ſtock of money may be ſuppoſed to occaſion the increaſe

increaſe of prices; for, in general, every man's ſhare of money would be increaſed too. The price of labour would riſe as well as other things; and this joint increaſe would cauſe new exertions of diligence, by inciting or obliging many perſons to work who are now idle, or to work with greater diligence than before.

I EXCEPT, however, the caſe of perſons who live on fixed incomes, which they are incapable of enlarging. To them, every increaſe of prices cannot but be a diſadvantage. It is an unavoidable inconvenience, neceſſarily attendant upon the ſtationary poſition they hold. But it is not to be expected that the general progreſs of ſociety is to be retarded, in order that theſe perſons may feel no manner of inconvenience from the circumſtances which keep them in a ſtate of inactivity, or hinder them from bettering their fortunes. The vigour of the nation cannot be kept down to the *par* of their imbecility; nor would this finally be any benefit to them, but very much the contrary: even if all neighbouring countries ſhould, by univerſal agreement, conſent to be ſtationary too,—ceaſing their progreſſion in the arts and enjoyments of life. However, in the end, even perſons thus circumſtanced would,—I mean *many* of them,—derive advantage from the operation of the plan,

by

by partaking, from collateral and accidental cauſes, in the general proſperity; and *all* of them would be eaſed by the reduction of taxes, which would be one of the moſt probable and moſt extenſive conſequences of the propoſed meaſure, as more fully noticed in a ſubſequent part of this Letter.

Sect. V.—*The Advantages of the Plan, how to be diſpoſed of.*

It has been ſaid, I underſtand, by ſome perſons, that there is a *partiality* in giving to the ſtock-holders the great advantages I have ſpoken of.

I have ſaid the emoluments to reſult from the plan ought to be divided between the Stock-Proprietors, the Bank of England, and the Government, (that is, the nation at large,) in ſuch proportions as may be agreed upon; of courſe, in juſt and equitable proportions. Surely *ſome* ſhare of the advantages muſt be given to the ſtock-transferrers, and ſufficient to induce them to engage their property in the execution of the ſcheme. This is all that I have in view, or have ſuggeſted.

And this may be done in the following manner:—Let the privilege of iſſuing the propoſed notes

be

be given to the Subſcribers to FUTURE GOVERNMENT LOANS: and as the Subſcribers, with this *bonus* given to them, would take the loans on better terms, in proportion to the advantages they obtained, *the whole Public* would by that means largely participate in the profit to reſult from the ſcheme.

SECT. VI.—*How the Plan may be applied to the Relief of the Landed Intereſt.*

MY deſign from the beginning was, and ſtill is, to accompliſh, if I am able, the procuring of aſſiſtance to thoſe who want money upon the ſecurity of land to enable them to pay their debts, or to improve their eſtates; and even this not for their ſakes only, but for the general good of the country.

IF the ſcheme I have propoſed ſhould take a more extenſive range, and become applicable to other purpoſes beſides the relief of the landed intereſt, it will be an accidental reſult. I was looking for one thing, and it may turn out that I have found another of more importance; or rather an application of what I had in view to a more important ſubject. I believe this is what commonly happens in ſuch caſes.

BUT

But (in relation to the landed intereſt), I think the plan in queſtion may be adapted to the accommodation of the LAND PROPRIETORS in the following manner:

Let the perſons who are to obtain the notes upon the ſecurity of their transferred ſtock engage to lend the notes upon MORTGAGES of LAND, and to depoſit the mortgages in the Bank of England within a limited time; their transferred ſtock being a ſecurity for the performance of this engagement. And let the Mortgages, when depoſited, be declared by the act of the Legiſlature, which is to eſtabliſh the whole meaſure, a further and collateral ſecurity for the amount of the circulating notes;—each mortgage for the amount of the notes lent thereon. Thus the note-creditor, however well ſatisfied he might be with the original ſecurity of the ſtock, would have another ſecurity of probably twice the amount of the notes,—a ſecurity far ſuperior to that of an undefined, and, in ſome meaſure one may ſay, an imaginary quantity of gold depoſited in a Bank. Every million of notes would be repreſented by four millions of ſtock and about two millions ſterling in land!—I do not, however, mean to repreſent this ADDITIONAL ſecurity as NECESSARY to give ſtrength to the original plan. I propoſe it as

ſubordinate and convenient merely, not at all as being eſſential.

The mortgages when depoſited would be capable of being transferred like other mortgages, but always ſubject to a general lien for the amount of the notes lent thereon; and might be diſcharged by bringing in to be cancelled an equal amount in notes of the ſame kind; theſe being cancelled, (that is, an equal amount, not the identical notes lent upon each mortgage,) the land might be reconveyed to the proper owner for the time being, diſcharged of the mortgage. And, at the ſame time, the transferred ſtock connected with the mortgage ſo releaſed, might be re-transferred to the perſon to whom it ſhould then belong.

By this means there would be a conſtant tendency of ſome portion of the notes to return into the Bank to be cancelled; which would prevent an exceſſive accumulation of the quantity; ſome periods might alſo be fixed for this purpoſe, and with this view; whereby the gradual and final extinction of the notes might be provided for, if a change of circumſtances ſhould require ſuch extinction.

This operation of lending upon mortgages ſhould be left, I think, to the diſcretion of the

INDIVIDUALS by whom the loans are made, both in reſpect to the titles to the mortgaged lands, and the quantity of ſecurity, and, within ſome limits to be preſcribed, the periods of repayment alſo; except that ſome ſuperintendence would be proper merely to aſcertain that the loans were made bonâ fide upon the lands appearing in the ſeveral mortgages, and not employed for any other purpoſe in the firſt inſtance.—Of which the depoſit of the mortgages, with proper inſpection, would furniſh good evidence.

THE riſk of the ſecurity would upon this footing reſt upon each individual lender; but that riſk, after the plan ſhall have been acted upon for ſome conſiderable time, would be much leſs than it is now in ſimilar loans; becauſe, as by the means propoſed there would be eſtabliſhed a very extenſive *regiſter of mortgages*, the diſputes and frauds which too often attend ſecurities of that nature would to a great degree be avoided.

THIS reſtriction of the loans (ſo long as it ſhould be thought right to continue ſuch reſtriction) to landed ſecurities would in itſelf limit the quantity of the propoſed notes to the amount of the demand of money by land-owners deſirous of borrowing. From them the money would be abſorbed into the general

general circulation, by payment of their debts, and by their making agricultural and other improvements.—By this means, alſo, tradeſmen who are diſtreſſed for want of more early payment than they now receive, would be enabled to carry on their buſineſs and make their own payments with greater facility and more comfort than they can do at preſent.

Sect. VII.—*General Advantages.*

Thus, public industry would receive a new impulſe, employment would be given to many who are now in want of it, lands now unimproved and waſte would be brought into cultivation, houſes and other buildings would be repaired or erected, canals would be completed that are now left unfiniſhed for want of money, bridges would be built, mines would be worked, new sources of trade would be opened, and commerce in a thouſand ways would be invigorated and put into a ſtate of activity.

This may ſeem to ſuppoſe a more free uſe of the propoſed money than could probably take place through loans on land only; but in whatever way, or to whatever extent, the money ſhould be employed, the maſs and quantity of uſeful and neceſſary commodities,

commodities, and conſequently the comforts of the people, would be increaſed by this additional ſtimulus given to the national exertion. This increaſe would be proportionably greater than the increaſe of money, ſuppoſing the latter to be added to with diſcretion and by ſlow and gentle degrees, and not by an inundation of new repreſentative-ſigns; for it muſt all along be borne in mind, that PUBLIC WISDOM is to direct the operation and to be employed in controlling the tides of this new money.

SECT. VIII.—*Effect of the Plan upon the Rate of Intereſt, and Reduction of the National Debt.*

ONE of the moſt direct conſequences to be expected from my plan, is the lowering of the RATE OF INTEREST. If it ſhould be reduced generally below five per cent. that reduction would take away a part of the gain originally computed in the plan. But this would be counterbalanced by the good effects which a low rate of intereſt always produces, and by other beneficial conſequences which the plan may be made to accompliſh.

INDEED, this lowering of the rate of intereſt would be, above all other means, I conceive, the

beſt

beſt auxiliary to the fund eſtabliſhed by Parliament for relieving the nation from the preſſure of its GREAT DEBT.

A MOST happy event it would be, if the five per cent. ſtock could be reduced to four, and the other ſtocks in like proportion. A reduction to that extent would be the ſame thing in ſubſtance as a gratuitous extinction of a FIFTH PART of the NATIONAL DEBT; which conſiſts altogether, in reſpect to the right of demanding payment, in the ANNUITY payable by the nation to its creditors. Nor would it be difficult to effect a reduction to this amount by the help of the plan in queſtion; ſuppoſing the funds ſhall ever again come to the prices they were at in 1792; a ſuppoſition which this plan would alſo tend to realize. I admit that this reduction can only accompany the fall of the market-rate of intereſt.

THIS operation of diminiſhing the annual outgoing might begin preciſely at the period when the SINKING FUND would loſe part of its beneficial efficacy, in reſpect to buying up the public debt, on account of the near approach of 3 per cent. ſtock to par; in which ſtock purchaſes could then no longer be made with advantage, till the whole of the 5 per cent. and 4 per cent. ſtocks ſhould be bought

bought up. And though the latter ſtocks would be above par, the public would derive no gain from that circumſtance, though the ſtock-holder might ſeem to ſuſtain a loſs by having his ſtock paid off at par. But the near proſpect of ſuch an event would keep thoſe ſtocks from attaining the prices they would otherwiſe reach.

As, at the period I am now ſpeaking of, the annual produce of the SINKING FUND could not, for the foregoing reaſons, be applied with great advantage in buying up the national debt, I ſubmit it might then be better diſpoſed of, as a PREMIUM, in conjunction with the PRIVILEGE of iſſuing the notes in queſtion, towards inducing monied men to lend large ſums of money at a rate below the then current rate of intereſt to be applied in paying off at par thoſe debts which now carry a HIGH intereſt. It will be ſoon found that I am not ſpeaking without conſideration when I talk of borrowing *below* the current rate of intereſt, if that is not apparent already.

IN this way, though the *nominal* amount of the debt might continue to be the ſame as before, ſtill the nation would be relieved by the reduction of the *annuity* in which the debt ſubſtantially conſiſts; and TAXES might then be repealed to a proportion-

able amount, or the SINKING FUND might be enlarged, ſuppoſing the whole taxes to be ſuſtained ſome time longer: or, the *ſaving* might be applied in part to each of theſe objects.

To explain this propoſed operation by an example:—Let us imagine an eſtate to be incumbered with a debt of £. 100,000, at 5 per cent. intereſt, or £. 5000 per annum. Then conceive the owner to be poſſeſſed of £. 10,000 in ready money, which if applied towards payment of the debt would reduce it to £. 90,000, and the annual intereſt to £. 4500. But the owner, having regard as well to his own future convenience as to that of his family after him, is deſirous that his eſtate ſhould be liable to a leſs annual outgoing; and therefore propoſes *to give the ten thouſand pounds* of which he is poſſeſſed, *as a premium* to induce ſome perſon to pay off the debt on the eſtate, and to accept a transfer of the ſecurity at a lower rate than 5 per cent. And, in order further to abate the intereſt, he offers to give to the lender ſome *extremely valuable privileges* of which he may be ſuppoſed to have the command. Add to this an expectation then formed, that the current rate of intereſt will ſpeedily fall below 4 per cent. by the operation of ſome known cauſes.

UNDER theſe circumſtances, we may ſuppoſe that the new lender would advance his money at a lower rate than 5, or even than 4 per cent.—Grant it might be 3 per cent.—And if this ſhould be the caſe, the annual incumbrance on the eſtate will be reduced from £. 5000 to £. 3000.

I THINK the analogy is ſo plain, that it is hardly neceſſary to add that the £. 10,000 repreſents the produce of the *Sinking Fund* for a ſhort period, ſuppoſe two or three years (more or leſs); and the *privileges* hinted at are correlative to the iſſuing of notes to circulate as money on the credit of ſtock.—The reſt is quite obvious.

SUPPOSING this to be underſtood and aſſented to, I may now go on to ſay, that if, at the period above alluded to, the produce of the INCOME TAX ſhould be applied in the ſame manner towards the reduction of the rate of intereſt, the *effect* produced in that way would be *greater*, and the *tax itſelf* might properly be made to ceaſe *ſooner*, than by its application towards extinguiſhing the capital of the public debt.

AND in this reſpect, as well as in the general tendency of the plan to produce an abatement of

taxes, perſons of fixed incomes would have the ſatisfaction of ſeeing their own advantage connected with the public welfare; a circumſtance which I have before alluded to, and which I have great pleaſure in thus explaining and confirming: for I am anxious that my propoſal ſhould produce nothing but GOOD; if that CAN be.

I ALLOW, that ſo far as the produce of the *Sinking Fund* and that of the *Income Tax* are called in aid of this reduction of the annuity, the reduction would not be *gratuitous*; it is true:—but this does not hinder my firſt ſuggeſtion on this point from being alſo true, namely, that the reduction in queſtion might be brought about merely and ſolely by the help of this plan.—I believe it *might*, conſidering the *command over the rate of intereſt* which it would give to thoſe who hold the reins of government: a moſt important CONTROL *in the hands of thoſe who are to manage on the part of the* DEBTOR!

YET it ſtill may be proper to make the Sinking Fund and Income Tax co-operate to the ſame end; by which means a greater and more ſpeedy effect will be produced towards leſſening the national debt, than could be managed by the unaſſiſted operation of this plan.

THERE

THERE certainly is not any thing that can ſo effectually promote this reduction of the annual outgoing, as keeping the circulation of money conſtantly full, and by that means lowering the rate of intereſt; which hitherto there has not exiſted the means of doing, but which by a right uſe of my plan may be accompliſhed: and this makes it be, what I humbly conceive it is,—*a great political engine*; in a word, A NEW POWER. I cannot refrain from ſaying *ſo much*; for either it is THAT, or it is NOTHING.

SECT. IX.—*Bank of England.—How this Plan may be connected with it.*

IT appears from the evidence before the SECRET COMMITTEE ON BANK AFFAIRS, that there were times within the ten years which preceded the Bank's ceaſing to make payments in caſh, when the directors *deliberated* on reducing the rate of diſcount: but they never did it; and though the reaſons why they did not are left to be conjectured, it appears to me moſt clear that one of the principal cauſes which hindered the eſtabliſhment of that ſalutary regulation, was an uncertainty on the part of the Bank, whether they could conſtantly keep the circulation full, or whether they might venture to encourage

encourage the abundant circulation which a low rate of intereſt would tend to promote.

How ſoon, under the preſent circumſtances, the Bank may again think fit to leſſen the amount of their *diſcounts*, I do not pretend to conjecture; but ſome conſiderable effect in that way might probably be produced by a repeal of the preſent reſtriction on the iſſue of *caſh*.

I NOW come to ſhew how my plan may be connected with the eſtabliſhment of the BANK of ENGLAND.

I SUBMIT that THAT BANK, though it has peculiar intereſts of its own, may be moulded to purpoſes of public utility within the limits of a juſt and reaſonable regard to thoſe its intereſts. It OUGHT NOT to ſtand in the way of the general good of the community.

THEREFORE, with due regard to the Bank intereſts, I go on to ſay that there ought to be a PROPORTION between the Bank capital and effects, and the amount of the notes circulated on the credit thereof.

I PRESUME to ſuggeſt, that THAT PROPORTION ſhould be publicly *known* and *regulated by law*.

This

This *publicity* would at all times protect the Bank againſt a *run* upon it, which can only proceed from panic fears and a diſtruſt of its ſecurity, occaſioned by ignorance of its actual ſituation.

The amount of the circulating notes of the Bank, that is to ſay, *circulating on the credit of the Bank capital*, ought never to exceed a *fixed* ſum; let us ſuppoſe twelve millions.

All circulating bank paper *beyond* that amount ought to reſt on other ſecurity.

Now to apply theſe principles; let the Bank iſſue its own notes inſtead of the notes I have called ſtock-notes. Let there be no diſtinction.

But let the Bank be *permanently protected* by law againſt paying cash beyond the amount of its own proper or reſtricted quantity of notes—*its own debt*—the twelve millions above mentioned.

Now ſuppoſe twenty millions to be in circulation, or any given ſum exceeding twelve millions, the Bank might be liable (ſuppoſing the preſent reſtriction taken off) to be called upon for *caſh* to the amount of twelve millions; — but the ſurplus ſum they could not be required to pay in caſh;

caſh; therefore they could not ſay their own eſtabliſhment was endangered by the additional quantity of notes circulated on the credit of ſtock.

But if twenty millions were in circulation, the general call on the Bank for caſh may be ſuppoſed to be proportionably greater than if only twelve millions circulated; therefore the Bank muſt keep a greater proportion of gold in their treaſury to carry on its buſineſs; and for this, as well as for the management of the additional iſſue of notes, the Bank ſhould receive a compenſation, including a reaſonable profit.—I ſhall for the preſent reſt the matter here ſo far as concerns the Bank, conceiving that all its eſſential intereſts are thus fully taken care of.

Sect. X.—*The Security and Convenience to the Public under this Plan.*

In reſpect to the Public, I cannot diſcover any objection that they can make to the increaſed circulation of bank notes upon the principles now laid down. They have been content with an almoſt total reſtriction of the iſſue of gold in payment of bank notes, and why ſhould they not be equally well content with having a moderate proportion of thoſe notes permanently exempted from being paid

paid in cash, there being other and most abundant security for their amount?—To suppose any inconvenience, one must make a previous supposition that all the notes of the Bank of England, circulating upon the credit of their own capital, are required to be paid in cash, with a settled purpose not to let it return there. But this supposes the natural death of the Bank; a perpetual cessation of its use as a bank: a most chimerical supposition! But even granting this infinitely improbable event to take place, still the surplus quantity of notes would be represented by a fourfold quantity of stock and a double value in land, and these remaining notes would then be more convenient and necessary than ever: for the Bank of England notes, its own proper and restricted quantity, being supposed extinguished, the surplus notes would be essentially necessary to the purposes of COMMERCE, if any were supposed to remain.

THESE NOTES WOULD THEREFORE CONTINUE TO CIRCULATE; and by suitable provisions to be made by the Legislature at that time, might be liquidated in gold and silver as occasion might require. To suppose the contrary, is to suppose trade annihilated and all occasions for remittances from place to place within Great Britain to be put an end to for ever. So that it is only by imagining several events to take place, each

of them involving very high degrees of improbability, that the circulation of the propoſed notes once begun can be expected ever to ceaſe.

The ſuppoſition of the extinction of that quantity of notes which is peculiarly to belong to the Bank of England, I need hardly ſay is made by way of argument, and not with any expectation of its ever being realized. But the very putting of ſuch a caſe, even in this way, may appear alarming to ſome; therefore, I might propoſe that the whole profits to reſult from the new quantity of notes ſhould be, annually or half yearly, ſubjected in the firſt place to indemnify the Bank of England againſt ſuch loſs or detriment as this ſcheme may bring upon them; that indemnity being made good out of the dividends of the transferred ſtock. I believe ſuch a guarantee (under circumſtances ſo very improbable) from the new ſyſtem to the old one, would not deprive the former, the new ſyſtem, of any part of its efficacy, or cauſe the ſtock-proprietors to abate their expectations of gain from the operation of the ſcheme. The effect of ſuch arrangement would be, that the Bank of England would have conſtantly a profit upon twelve millions, or whatever might be the reſtricted or the actual amount of their circulation, not exceeding twelve millions; and the ſtock transferrers would have the profit upon

whatever might at any time be the additional quantity; ſubject, in reſpect to the latter, to a proper deduction out of the dividends of the transferred ſtock for the charges of management and otherwiſe in favour of the Bank.—I believe this will appear eaſily intelligible to thoſe who will take the trouble of thinking a little upon the point: but I am ſenſible this part of the caſe requires rather more attention than the reſt.—It is, however, of the leaſt conſequence, as it applies only to the moſt improbable of all the ſuppoſitions which the caſe requires to be made: and if it creates a difficulty in the mind of any reader, it may be paſſed over, without any diſadvantage to the right comprehenſion of the ſcheme: for it is only an anſwer to a very refined and even imaginary objection.

Sect. XI.—*Concluſion.*

But, the original queſtion recurs:—Is there a *want* of circulating-money? And alſo the other queſtion, —Will the *Public* receive and circulate *theſe* notes *as caſh?*—Concerning both of which queſtions, if I expreſſed naturally and without reſerve all that I think and feel, I ſhould manifeſt ſuch a degree of confidence of having made good what I have had in

 view,

view, as would ſcarcely ſeem conſiſtent with that deference with which I mean, Sir, to ſubmit the whole matter to your ſuperior diſcernment; as I muſt ultimately do to the JUDGMENT of the Public.

FOR the ſake of brevity, and for other reaſons, I have omitted ſome things that might be ſaid in confirmation of my poſitions, and perhaps even ſome explanations that may be thought neceſſary by thoſe who are fond of minute ſtatements; but I think it beſt to leave the matter here.—Permit me, therefore, to conclude with what I cannot but think very honourable to myſelf—I mean, a declaration of the ſincere and reſpectful attachment with which I am bound ever to be,

SIR,

Your devoted and faithful ſervant,

&c. &c. &c.

LONDON,
18*th June* 1799.

POSTSCRIPT.

A SMALL number of Copies of this Second Letter having been distributed, I have the satisfaction to find it is allowed, by persons in whose judgment I have great reason to confide, that the SCHEME is PRACTICABLE, and may prove USEFUL *in its present shape.*—But I neither expect nor desire its adoption till the necessity of it shall be generally acknowledged.—Perhaps the universal admission of this necessity is very near at hand; for at this moment an uncommonly great *Scarcity of Money* (such as was predicted in page 8. of this Letter) is felt in TRADE, as well as by the LANDED INTEREST; and this Scarcity, if permitted to continue and increase, (which it will do, unless checked by timely precautions,) will be productive of extremely distressing CONSEQUENCES.

THERE were inserted, in the distributed Copies of this Letter, some particular *objections* which had been made to the proposal, as stated in the first Letter, together with answers thereto. Those objections are now omitted, the latter part of the Letter which contained them having been re-printed for

for that purpoſe.—This was done in compliance with a wiſh from the quarter from which the objections were communicated to me.

I HAVE not heard of any other objections which, in my opinion, (judging with as perfect an indifference as I am able to do in my own caſe,) apply fairly and correctly to the plan; ſuppoſing the Explanations and Modifications contained in this Second Letter to be duly conſidered.

24th Sept. 1799.

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Gaylord